

Message Text

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PAGE 01 ROME 04151 061908Z
ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 SOE-02 AID-05 CEA-01 CIAE-00
COME-00 DODE-00 EB-08 DOE-11 H-01 INR-10 INT-05
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FM AMEMBASSY ROME
TO SECSTATE WASHDC 1073
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMCONSUL FLORENCE
USMISSION GENEVA
AMCONSUL GENOA
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMCONSUL MILAN
AMCONSUL NAPLES
AMEMBASSY OTTAWA
AMCONSUL PALERMO
AMEMBASSY PARIS
AMEMBASSY THE HAGUE
AMCONSUL TRIESTE POUCH
AMCONSUL TURIN POUCH

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USEEC ALSO FOR EMBASSY; USOECD ALSO FOR EMBASSY

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PAGE 02 ROME 04151 061908Z

REF: (A) 77 ROME 16789; (B) 77 ROME 19569 (NOTAL)

1. CIPE (THE INTERMINISTERIAL PLANNING COMMITTEE) GAVE
ON MARCH 1 WHAT IS REPORTEDLY ITS FINAL APPROVAL FOR
IMPLEMENTATION OF THE UPDATED NATIONAL ENERGY PLAN BASED
ON THE OCTOBER 5, 1977 CHAMBER OF DEPUTIES RESOLUTION

(REFTEL A). CITE'S ACTION PRESUMABLY CLEARS THE WAY FOR A FORMAL ITALIAN APPROACH IN THE NEAR FUTURE TO THE EXPORT-IMPORT BANK FOR PARTIAL FINANCING OF THE FOUR LWR UNITS ALREADY CONTRACTED FOR AND THE OTHER FOUR LWR UNITS ALREADY FIRMLY INCLUDED IN THE UPDATED PLAN.

2. THE CIPE DECISION (DELIBERA) APPEARS TO BE A SIGNIFICANT MOVE BECAUSE IT FINALLY PROVIDES FIRM GOI ENDORSEMENT FOR CIP (INTERMINISTERIAL PRICE COMMITTEE) ACTION TO ADJUST THE ELECTRICITY RATE STRUCTURE TO INCREASE RECEIPTS BY AT LEAST 16 PERCENT IN 1978 AND SUBSEQUENT ADJUSTMENTS SUFFICIENT TO ELIMINATE ENEL (NATIONAL ELECTRICITY AGENCY) DEFICITS BY 1981. CIPE ALSO RECOMMENDED TREASURY TRANSFERS TO ENEL'S ENDOWMENT FUND OF 3,000 BILLION LIRE (ABOUT 3.5 BILLION DOLLARS) OVER THE 1978-1981 PERIOD. ANOTHER OBSTACLE TO IMPLEMENTATION OF THE NATIONAL ENERGY PLAN HAS BEEN THE LACK OF ADEQUATE POWERS OF COORDINATION IN THE HANDS OF ANY ONE INSTITUTION. THE CIPE DECISION APPEARS TO HAVE RESOLVED THIS PROBLEM BY ASSIGNING TO THE MINISTRY OF INDUSTRY MAJOR RESPONSIBILITIES IN ALMOST ALL AREAS OF NATIONAL ENERGY MATTERS, BUT ESPECIALLY IN THE FIELD OF NUCLEAR ENERGY WHERE THE ROLES OF ENI (STATE HYDROCARBONS ENTERPRICE), ENEL AND CNEN (NATIONAL COMMITTEE FOR NUCLEAR ENERGY) WERE ILL-DEFINED.

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PAGE 03 ROME 04151 061908Z

3. CIPE'S DECISION ALSO PROVIDES DEFINITIVE GOVERNMENT GUIDELINES FOR IMPLEMENTATION IN OTHER AREAS OF THE NATIONAL ENERGY PLAN, SUCH AS INCREASED USE OF COAL IN THERMAL ELECTRIC PLANTS, REDUCTION OF CRUDE OIL REFINING CAPACITY, ORDERING OF TWO CANDU (HEAVY WATER) REACTORS (REF B), CONTINUATION OF ITALIAN PARTICIPATION IN THE SUPERPHENIX PROJECT AND CONFIRMATION OF ENI'S RESPONSIBILITY, IN COOPERATION WITH CNEN, FOR ITALY'S NUCLEAR FUEL SUPPLY OVER THE FULL FUEL CYCLE.

4. ALTHOUGH THE NUCLEAR ENERGY SEGMENT OF THE PLAN REMAINS A SUBSTANTIAL PART OF IT, THERE IS A PERCEPTIBLE INCREASE IN THE ATTENTION GIVEN IN THE CIPE DECISION TO OTHER ASPECTS OF THE ENERGY SITUATION, ESPECIALLY CONSERVATION, USE OF COAL AND ALTERNATIVE ENERGY SOURCES.

5. AT LEAST PART OF FOREGOING WAS SUBSEQUENTLY CALLED INTO QUESTION BY MINISTER OF STATE HOLDINGS BISAGLIA, WHO HAS REQUESTED TWO SPECIFIC REVISIONS IN THE DECISION ON GROUNDS THAT HE WAS OUT OF TWO AND THEREFORE UNABLE TO PARTICIPATE IN FINAL MEETINGS ON DELIBERA. FIRST,

HE CALLED FOR THE ESTABLISHMENT OF A NEW ADMINISTRATIVE BODY, A SO-CALLED "TECHNICAL COMMITTEE", COMPOSED OF HIGH-LEVEL REPRESENTATIVES FROM THE MINISTRIES OF FOREIGN AFFAIRS, FOREIGN TRADE, STATE HOLDINGS AND INDUSTRY TO COORDINATE NATIONAL ENERGY POLICY. SECOND, HE OBJECTED TO GIVING THE MINISTRY OF INDUSTRY EXCLUSIVE RESPONSIBILITY FOR THE IMPLEMENTATION OF THE NATIONAL PETROLEUM PLAN AND PROPOSED INSTEAD THAT THIS RESPONSIBILITY BE SHARED WITH THE MINISTRY OF STATE HOLDINGS. IT IS UNCLEAR AT THIS POINT TO WHAT FURTHER ACTION, IF ANY, CIPE WILL TAKE.HOLMES

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